

**COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

Bay State Gas Company

D.T.E. 06-31

**ATTORNEY GENERAL'S THIRD SET OF
DOCUMENT AND INFORMATION REQUESTS**

AG-3-1 Please refer to the AG 2-3, which states:

AG 2-3: Please state whether the Company uses a system of monthly, quarterly or yearly budgeting. For each of the years 1999-2006, please identify and produce a copy of these budgets for each department and cost category for the Company.

Please refer to the Company's response to AG 2-3, where the Company states an objection that reads, in part: "Materials dating to 1999 are irrelevant to this inquiry that takes place in 2006, when Bay State has met its service quality metrics for over three years."

- a) Please provide all facts and citation to Department orders that restricts the scope of this proceeding to an inquiry that takes place in 2006, and excludes examining the years 2005, 2004, 2003, 2002, 2001, 2000 and 1999. This question does not seek legal argument or legal conclusions.
- b) In what year did the Department approve the acquisition of Bay State by Northern Indiana Public Service Company Industries, Inc.?

AG-3-2 Please refer to the AG 2-4, which states:

AG 2-4: In which department(s) and cost categories included in the response to AG-2-3 was the Company successful in reaching its budget targets?

Please refer to the Company's response to AG 2-4, where the Company states an objection that reads, in part: "Materials dating to 1999 are irrelevant to this

inquiry that takes place in 2005, when Bay State has met its service quality metrics for over three years.”

- a) Please provide all facts and citation to Department orders that restricts the scope of this proceeding to an inquiry that takes place in 2005, and excludes examining the years 2006, 2004, 2003, 2002, 2001, 2000 and 1999. This question does not seek legal argument or legal conclusions.

AG-3-3 Please refer to the AG 2-5, which states:

AG 2-5: Did any Company employee receive any bonus or incentive compensation for meeting the budget targets described in the response to AG-2-4? If yes, please identify the employee, the amounts of the bonus or incentive compensation, and the cost category associated with the award.

Please refer to the Company’s response to AG 2-5, where the Company states, in part: “Company employees do not receive incentive payments for meeting their respective budgets under the **current** NiSource incentive plan structure. Under the **current** plan, NiSource must meet a pre-established financial trigger tied to basic earnings per share from continuing operations (‘EPS’).” (emphasis added).

- a) When was the “current” NiSource incentive plan implemented?
- b) From 1999 to the present, were there other NiSource bonus or incentive plans? If yes, then answer AG 2-5 with respect to those earlier incentive and bonus plans.
- c) Did Bay State maintain its own bonus and incentive plan from 1999 to 2006? If yes, then answer AG 2-5 with respect to those earlier incentive and bonus plans.
- d) For the years 1999 to 2006, please state the bonus and incentive compensation received by Dan Cote, Steven Bryant, Keith Dalton and Shawn Patterson, from Bay State and NiSource.
- e) Explain in detail why each individual in the response to AG 3-3(d) qualified for the bonus or incentive compensation. Include in this response any budget target or cost cutting bonus and incentive compensation awarded.

AG-3-4 Please provide all e-mails and other correspondence from 1999 to the present to or from Dan Cote, Keith Dalton, Harris Marple, Shawn Patterson and Mike O’Donnel (and their respective predecessors) regarding Bay State main replacements.

- AG-3-5 Please provide all e-mails and other correspondence from 1999 to the present to or from Dan Cote, Keith Dalton, Harris Marple, Shawn Patterson and Mike O'Donnel (or their respective predecessors) regarding Bay State main leak repairs.
- AG-3-6 Please provide all e-mails and other correspondence from 1999 to the present to or from Dan Cote, Keith Dalton, Harris Marple, Shawn Patterson and Mike O'Donnel (or their respective predecessors) regarding the Bay State's budget for main replacement.
- AG-3-7 Please provide all e-mails and other correspondence from 1999 to the present to or from Dan Cote, Keith Dalton, Harris Marple, Shawn Patterson and Mike O'Donnel (or their respective predecessors) regarding corrosion on bare steel mains and services in Bay State's Lawrence, Springfield and Brockton Service territories.
- AG-3-8 Please refer to the Company's response to AG-2-10.
- a) Describe in detail the "aggressive cost management techniques" used at the Company. Provide any documentation that describes the "aggressive cost management techniques." Provide any reports that describe the results of the "aggressive cost management techniques."
 - b) Provide copies of all e-mails to or from Date Cote and Steven Bryant regarding the "aggressive cost management techniques" and main replacement.
 - c) From 1999 to 2006 list all plant balances for bare steel mains.
 - d) Provide copies of all e-mails and reports to or from Harris Marple and Mike O'Donnel (or their respective predecessors) regarding the Company's "aggressive cost management techniques" and main replacement.

Dated: August 31, 2006